

Iowa Power Fund Board
Meeting Minutes
September 10, 2008
Cornell College
Mount Vernon, Iowa

Call to Order:

Fred Hubbell, Chair, called the meeting to order at 10:10 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred Hubbell, Chair	X		Gregory Geoffroy		X
John Bilsten	X		Bill Giddings	MJ Dolan	
Peter Hemken	X		Kent Henning	X	
Patricia Higby	X		Senator Hubert Houser		X
Carrie LaSeur	X		Senator Roger Stewart	X	
Richard Leopold	X		Rep. Nathan Reichert	X	
John Norris	X		Rep. Chuck Soderberg		X
Bill Northey	Susan Fenton		<i>Due Diligence Committee</i>	Present	Present
Lucy Norton		X	Tom Barton	Franklin Codel	
Mike Tramontina	Karen Merrick		Ted Crosbie	Vern Gebhart	X
Thomas Wind, V-Chair	X		Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Brian Crowe, Bob Mulqueen, Sherry James

Carrie LaSeur welcomed everyone to Mount Vernon and expressed appreciation for the opportunity to entertain the Board at Cornell College. She invited the audience to give public comment at one of the two sessions during the board meeting and reminded them of the opportunity to speak at the public forum beginning at 6:30. Ms. LaSeur invited the board members to meet at a restaurant immediately following the board meeting for dinner prior to the public forum.

Approval of Agenda:

Action: Mr. Bilsten moved, Mr. Hemken seconded, to approve the agenda as printed. All members present voted “aye”.

Approval of Minutes:

Ms. James reported she missed putting “absent” next to Lucy Norton, Bill Northey and Peter Hemken for the August 13 minutes.

Action: Mr. Bilsten moved, Mr. Norris seconded, to approve the August 13, 2008 Power Fund Board minutes as corrected. All members present voted “aye”.

Chair's Remarks:

Chair Fred Hubbell reported the agenda allowed for some networking and visiting during lunch and wouldn't be a working lunch. He reported he was pleased with the contract terms that would be presented to the board for approval as well as the applications that would be considered at this meeting.

Mr. Hubbell added "potential suggestions for Power Fund use" under 'other' on the agenda.

Director's Remarks:

Director Roya Stanley welcomed the public to the 3rd Power Fund Board meeting that was being held outside of the Des Moines area to include the public forum. She reported there would be a public forum in Fayette on October 8; Sioux City on November 19 and Burlington on December 3. The forums offer the public to expression their concerns on comments regarding energy issues and they will be addressed in the Annual Energy Plan due to the Governor's office on December 14th. She reported it is a busy time in the energy arena and concerns and issues to be addressed will continue. She expressed appreciation to Carrie LaSeur for the invitation to Mount Vernon. She reminded everyone of the public forum at 6:30 in the same facility.

Public Comments:

Claudia Smith, Central Iowa Power Coop (CIPCO) presented to the Board and reported CIPCO is the largest not-for-profit coop in Iowa. She expressed interest in projects that will help provide and introduce new energy for Rural Economic Development to use energy efficient side.

Brian Fagan, Cedar Rapids City manager, expressed his concern to the board regarding the rebuild of the Cedar Rapids area due to the recent flooding with guidance of sustainability. He requested the support for the three options following an assessment of all critical business by the end of September. The three options are to rebuild the city as before; rebuild the city with all sustainability or allow the opportunity to relocate their business. He reported the guidance should be to coordinate, not duplicate. There was discussion regarding the goal of the rebuild program was to protect the assets of the community and gain confidence of the community. There needed to be damage control overall, not just in the flood plain area.

Iowa Community College Trustee Annual Report

MJ Dolan, Executive Director of the Iowa Association of Community College Trustees (IACCT) presented an annual report on the \$2.5 million appropriation through the Power Fund to the Community Colleges. This was the first year for the appropriation. Ms. Dolan reported the moneys allocated to the Workforce Training and Economic Development Fund from the Power Fund must be used for the development and expansion of energy industry areas and the areas of advanced manufacturing, information technology and insurance, and life sciences which includes the area of biotechnology. Each community college board of trustees is required to adopt a two-year Workforce Training and Economic Development Fund Plan outlining the community colleges proposed use of the moneys appropriated; update and submit the two-year plan annually; prepare an annual progress report o the plan's implementation by August 15 and annually submit the plan and progress report to eh DED board.

Committee Reports:

Administrative Rules: There was no activity with the Administrative rules committee at this time.

Due Diligence: Director Stanley reported there was one pre-application denied at the August 27 DDC meeting, four tabled until the September meeting and one was reviewed. There were two full applications tabled, one declined and two forwarded to the Power Fund Board for the September 10 meeting.

Director Stanley reviewed the negotiation status list. She reported to date there had been \$30,656,849 requested with a match of \$169,623,469. She reported there were two contracts to be reviewed for approval at the meeting.

Review of Full Applications:

(See attached comments regarding full application discussion.)

■ **Energy Efficient Rebuild for Iowa, Department of Economic Development,** (\$450,000) This proposed project allows the opportunity to reap immediate results and build long-term capacity for improving energy efficiency and conservation in existing and new homes and public buildings in Iowa. IDED proposed to partner with the Iowa Commission on Volunteer Services to establish at least a 22 member Iowa Green Corps focused on energy efficiency/conservation education and energy efficiency/weatherization improvements of lower-income homes and public buildings starting this fall. **Action:** Fenton, yes; LaSeur, yes; Hubbell, yes; Leopold, abstaining due to conflict of interest; Merrick, abstaining due to conflict of interest; Higby, yes; Wind, yes; John, yes; Bilsten, yes. *Decision: 8 – yes –to negotiate; 2 abstained. Mr. Hubbell reported there is nothing to negotiate for this project, therefore no negotiating team was appointed. The proposal was approved and contract preparations will begin.*

■ **The Cornerstorn BRAD, LLC,** Bison Renewable Energy, (Hull) (\$7,500,000) This project will produce gas through anaerobic digestion of agricultural biosolids. Agricultural biosolids are material from an agricultural source, free of toxic compounds, which through anaerobic digester will produce methane gas. This material includes: porcine, bovine, equine, ovine and avain manure, animal renderings including blood and grease, food processing scraps and waste, bakery scraps and agricultural energy crop waste such as distiller's grain, glycerin from biodiesel plants, and sugars from beet processing plants. **Action:** Hubbell, yes to table; LaSeur, yes to negotiate; Leopold, yes to negotiate; Higby, no; Wind, yes to negotiate; Norris, yes to table; Hemken, yes, to table; Merrick yes, to negotiate; Bilsten, yes to table; Fenton, yes, to negotiate. *Decision – 5 - yes, to negotiate; 4 – yes, to table; 1 no. There must be 6 to pass a motion; therefore the project is tabled. Discussion included a letter expressing the Power Fund's interest in the project while negotiations continue.* Negotiating committee is Northey, Hemken, Hubbell, LaSeur

■ **Iowa Stored Energy Park** – Iowa Stored Energy Plant Agency, (\$3,200,000) ISEP will use energy from wind power facilities. This wind energy, combined with other off peak energy, will be used to compress and store air in an underground geologic structure of porous rock. This structure is located 2800 feet underground, beneath layers of impermeable cap rock. The rock will hold air much like a sponge holds water. Then, as demand of electricity rises, the stored air will be released, heated and used to drive generators, which will provide electricity to people in Iowa. **Action:** Hubbell, yes to negotiate; LaSeur yes to negotiate; Leopold yes to negotiate; Merrick yes to negotiate; Higby, yes to negotiate; Wind, abstaining due to conflict of interest; Norris, no; Bilsten, abstaining due to conflict of

interest; Hemken, yes to negotiate; Fenton, yes to negotiate. Results: 7 - yes to negotiate; 1 – no; 2 abstained. *Decision – yes to negotiate.* Negotiating committee is Norris, Higby and Hubbell

Planning Committee: Mr. Wind reported the committee is working with Navigant Consulting to assist with gathering the information for the Plan. The energy forums around the state will add additional comments into the Plan. The first work product on benchmarking was submitted to the office and a meeting was held with Navigant and some state directors to review the benchmarking and receive an update on their progress. There was discussion regarding education being part of the Plan. Director Stanley reported that education will be included in the plan but it was not one of the 3 policies that were identified at the scoping exercise: biofuels, renewables and energy efficiency.

Director Stanley reported the strategies would identify which policies are critical and make 2-3 recommendations for each area. It is possible to have a rough draft of the benchmarking ready for the October board meeting for discussion. Navigant’s work is expected to be completed by October 1st.

Application Committee: There was nothing to report.

Energy Efficiency/Energy Education Taskforce: Ms. Higby reported she has a draft of the survey results and will be scheduling a conference call to discuss the results in order for them to be part of the Energy Plan. Director Stanley reported the UNI survey is moving forward as well as the AmeriCorp project.

Awarding of Final Contract

Mr. Crowe reported there were two contracts that had completed negotiations and the staff recommended approval.

◇ POET Project Liberty – \$14,750,000 – The purpose of the agreement is to facilitate the research, design, development, and demonstration of a biorefinery for production of ethanol and other products from a minimum of 700 dry metric tonnes per day of lignocellulosic feedstocks, and the generation of energy from renewable resources for use at the biorefinery. Funding associated with this agreement is intended to partially reimburse the initial research, development, and demonstration costs with this first-of-its-kind integrated biorefinery.

Mr. Crowe reported there has not been a legal review of this project completed at this time. The Attorney General’s office will review the project due to the size and complexity. Mr. Wind reported that he had reservations about this project when it was first presented but wanted to report to the board that he was very pleased with the negotiations and investment. He felt it was an excellent investment for the Power Fund and thanked DED for their support and collaborative efforts of state departments.

Action: Mr. Leopold moved, Ms. Merrick seconded, to approve the Commitment Term Sheet as presented for POET Project Liberty. The following vote resulted: “yes” Hubbell, Bilsten, Higby, LaSeur, Leopold, Norris, Fenton, Merrick, and Wind. Abstained: Hemken.

◇ Cellencor, Inc. - \$1,500,000 – The goals of this project are to create DDGS feed products enhanced for beef & dairy cattle, swine, and poultry diets. This increases the demand of the market value of corn ethanol.

Action: Mr. Leopold moved, Mr. Bilsten seconded, to approve the Commitment Term Sheet as presented for Cellencor, Inc. as recommended. All members present voted “aye”.

Public Comments:

There was no public comment.

Other Business:

Mr. Hubbell reported the Governor’s office is developing a “Jumpstart” small business assistance program in the amount of \$20,000,000 and has requested to have money from the Power Fund contributed to that fund. This would assist in paying for energy efficient equipment. The program will be administered through DED.

There was discussion regarding the amount of money available in the Power Fund, following the recent approval for some projects to go to negotiations. The board expressed sympathy for the floor and storm victims and it was the general consensus to assist in whatever manner was possible.

The AG’s office reported no formal action was necessary from the Power Fund board to move the funding, as this was a power the Governor could exercise.

Adjournment:

There being no further business to discuss at this time, Mr. Hemken moved, Ms. Merrick seconded, the meeting be adjourned at 5:00 P.M. All members present voted “aye”. The next Power Fund Board meeting will be held on Wednesday, October 8 at 10:00 AM, at the Public Safety Conference Room.

Fred Hubbell, Board Chair

Sherry James, Recording Secretary